

MILLER IP

1122 EAST GREEN STREET • PASADENA, CALIFORNIA 91106

TELEPHONE: (626) 795-0500

Todd R. Miller
trmiller@millerip.com

October 14, 2010

VIA E-MAIL AND PRIORITY MAIL

Jim Bennett
CEO
U.S. Payments, LLC
1800 South Baltimore Avenue, Fourth Floor
Tulsa, Oklahoma 74119

Re: Capital Security Systems, Inc.'s Patent Portfolio

Dear Mr. Bennett:

The law firms of Miller IP, Soroker Agmon, and H&A Intellectual Property Law, PLLC (collectively, "Law Firms") represent Capital Security Systems, Inc. ("Capital Security"). Capital Security has global patent portfolio coverage including but not limited to multi-function kiosks / ATMs that provide bill payment, check cashing, cash deposits, wire transfers, and other functionality. I would like to discuss this portfolio with you.

Capital Security Patent Portfolio

1. United States Letters Patent 7,653,600

Capital Security owns, by assignment, all title, right, and interest in and to United States Letters Patent 7,653,600 ("600 patent"), entitled "Automated Document Cashing System." The United States Patent and Trademark Office ("USPTO") duly and legally issued the '600 patent on January 26, 2010. The '600 patent is in full force and effect.

The '600 patent states that "[t]here is a need for an automatic banking machine that includes an ATM-like machine that performs and allows a number of service options, such as for example the withdrawal of cash, the deposit of cash, the cashing of a check, the cashing of money order, the purchase of a money order, the transfer of funds by wire, payment of a bill and purchase of end user items." '600 patent at 3:38-44; *see also Capital Security Systems, Inc. v. Cu Cooperative Systems, Inc.*, CV 10-07322-PA(AJWx) (C.D. Cal).

The '600 patent fulfills this need by disclosing and claiming automated banking machines that "perform the usual ATM functions, but also have such significant security safeguards that they allow the cashing of monetary transaction documents such as checks or money orders, or handling of cash equivalent transactions such as checks or money orders, or handling the cash

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equivalent transactions such as making a deposit in the bank account of the user, without the aid of a teller.” ‘600 patent at 3:50-55.

2. United States Letters Patent 6,012,048

Capital Security owns, by assignment, all title, right, and interest in and to United States Letters Patent 6,012,048 (“048 patent”), entitled “Automated Banking System For Dispensing Money Orders, Wire Transfer and Bill Payment.” The USPTO duly and legally issued the ‘048 patent on January 4, 2000. The ‘048 patent is in full force and effect.

The ‘048 patent states that “[t]here is a need for an automatic banking machine that includes an ATM-like machine that performs and allows a number of service options, such as for example the withdrawal of cash, the deposit of cash, the cashing of a check, the cashing of money order, the purchase of a money order, the transfer of funds by wire, payment of a bill and purchase of end user items.” ‘048 patent at 3:57-63.

The ‘048 patent fulfills this need by disclosing and claiming an automated banking machine that “performs the usual ATM functions but which additionally issues money orders for the user without the presence or the assistance of a teller. Additionally, the preferred and illustrated, automated banking machine system allows the depositing of cash into the machine and provides additional functions, such as transferring money by wire, paying bills or purchasing end user items from the machine.” ‘048 patent at 3:67-4:7.

3. United States Letters Patent 5,987,439

Capital Security owns, by assignment, all title, right, and interest in and to United States Letters Patent 5,987,439 (“439 patent”), entitled “Automated Banking System For Making Change On A Card Or User Account.” The USPTO duly and legally issued the ‘439 patent on November 16, 1999. The ‘439 patent is in full force and effect.

The ‘439 patent states that “[t]here is a need for an automatic banking machine that includes an ATM-like machine that performs and allows a number of service options, such as for example the withdrawal of cash, the deposit of cash, the cashing of a check, the cashing of money order, the purchase of a money order, the transfer of funds by wire, payment of a bill and purchase of end user items.” ‘439 patent at 3:57-63.

The ‘439 patent fulfills this need by disclosing and claiming an automated banking machine that allows for the payment of a bill or cashing of a check, and does so without the need to dispense coins or small denomination change to the user. Instead, “the machine of the present invention will transfer the amount of change onto a credit card or a smart card balance and electronically dispense the same to the user by storing the credit on the stored card balance. Alternatively the machine will deposit the change balance into the user’s account.” ‘439 patent at 5:27-32.

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4. United States Letters Patent 5,897,625

Capital Security owns, by assignment, all title, right, and interest in and to United States Letters Patent 5,897,625 (“‘625 patent”), entitled “Automated Document Cashing System.” The USPTO duly and legally issued the ‘625 patent on April 27, 1999. The ‘625 patent is in full force and effect.

The ‘625 patent states that “[t]here is a need for an automatic banking machine that includes an ATM-like machine that performs and allows a number of service options, such as for example the withdrawal of cash, the deposit of cash, the cashing of a check, the cashing of money order, the purchase of a money order, the transfer of funds by wire, payment of a bill and purchase of end user items.” ‘625 patent at 3:57-63.

The ‘625 patent fulfills this need by disclosing and claiming an automated banking machine that “performs the usual ATM functions but which additionally cashes money orders and checks for the user without the presence or the assistance of a teller. Additionally, the preferred and illustrated, automated banking machine system allows the depositing of cash into the machine and provides additional functions, such as transferring money by wire, depositing cash into an account or purchasing end user items from the machine.” ‘625 patent at 3:66-4:8.

5. Various Pending United States Letters Patent Applications

Capital Security has various U.S. patent applications that are continuations of the four issued patents set forth above covering the same and related subject matter.

6. Foreign Patent Protection

Capital Security has foreign patents and pending applications covering the same or related subject matter as that set forth in the patents discussed above.

U.S. Payments Kiosks

It has come to Capital Security’s attention that U.S. Payments, LLC is offering for sale a bill-payment kiosk, the PaySite. The structure and operation of the device can be seen at U.S. Payments’ website, www.uspayments.com. The PaySite also appears to be the subject of United States Letters Patent 7,627,524, which further details the structure and operation of the device.

Upon information and belief, in or about 2008, U.S. Payments had deployed at least 176 PaySite bill-pay kiosks to retailers and billers in 18 states. In or about October 2009, U.S. Payments had about 295 PaySite units installed in about 21 states. U.S. Payments charges a convenience fee to the user per transaction that may range anywhere from \$1.95 to \$2.95 or higher.

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Discussion

I would like to have a discussion with you about Capital Security's patent portfolio. I can be reached at 626.795.0500. I look forward to hearing from you as soon as possible.

Sincerely,



Todd R. Miller